State of Idaho Low-Income Home Energy Assistance Program Weatherization Waiver Request

The State of Idaho Department of Health and Welfare (IDHW) is requesting the United States Department of Health and Human Services (HHS) to waive the maximum percentage limits placed on funds used for weatherization services within the Low-Income Home Energy Assistance Program (LIHEAP). Authority to request a waiver appears in the July 6, 1982 Federal Register 47 FR 29472 Part 96 of Title 45 of the Code of Federal Regulations as amended, with final rules published May 1, 1995 in 60 FR 21322.

The statute provides that, after reviewing a grantee's waiver request, HHS may grant a Good Cause Waiver if it determines that the grantee, in this case, IDHW:

- 1. Demonstrates good cause why a waiver should be granted;
- 2. Provides all required information;
- 3. Shows adequate concern for timely and meaningful public review and comment; and
- 4. Proposes weatherization that meets all relevant requirements.

IDHW's request for a Good Cause Waiver addresses all four of these criteria and includes the following:

- A request to HHS to allocate up to 25% of available LIHEAP Energy Assistance Program funds to the Weatherization Assistance Program.
- A report of the number of households served and benefit dollars disbursed during program years (PY) 2013 and 2014, as well as documentation in support of a Good Cause Waiver.
- A report on weatherization services provided, along with a summary of measureable savings in energy expenditures directly attributable to weatherization services in Idaho.
- A summary of additional factors that support our request for a Good Cause Waiver.

Percent of Allocation Transferred to Weatherization

45 CFR 96.83(c)(1)

IDHW is requesting a waiver to transfer up to 25% of available FFY 2014 LIHEAP Energy Assistance Program funds to the Weatherization Assistance Program, which would be a total of

\$4,796,976. Approval of this waiver request will increase weatherization funding from 15% up to 25%.

HHS approval of the full 25% would bring all potential LIHEAP dollars to Idaho and provide opportunities for agencies to enhance their programs and existing LIHEAP funding options.

Qualifying Criteria

45CFR 96.83(c)(2)(i) Households Served 45CFR 96.83(c)(2)(ii) Energy Assistance Benefits Provided

Table 1: Households Served and Energy Assistance Benefits Provided, FY 2013 and FY 2014

FY 2013:	
LIHEAP Regular + Contingency Grant Award	
Total Grant Award	\$18.28 million
Energy Assistance	\$11.64 million
Households Served	43,765
Additional Energy Assistance Funds*	\$ 0.83 million
Grocery Tax Fund	
Total Energy Assistance benefits provided	\$ 12.47 million

FY 2014 (estimated):	
LIHEAP Regular + Contingency Grant Award	
Total Grant Award	\$19.19 million
Energy Assistance	\$9.84 million
Households Served	47,500 (estimate)
Additional Energy Assistance Funds*	\$ 0.23 million
Grocery Tax Fund	
Total Energy Assistance benefits provided	\$ 10.07 million

*Funding Note: Grocery Tax Fund

In FY 2013 we received permission to access \$831,900 from Idaho's Cooperative Welfare Grocery Tax Fund to use toward Energy Assistance. These funds are collected annually through individuals who designate their annual grocery tax credit to the Cooperative Welfare Fund via a check-box on their Idaho State Tax Return. After three years we were granted the authority to access those funds to supplement our Energy Assistance benefit services in Idaho. The amount of \$831,900 was an accumulation of these grocery tax credit designations over a period of three years. With the added funding available from the Grocery Tax Fund, the total amount we spent for Energy Assistance in FY 2013 was approximately \$12.47 million.

In FY 2014 we received \$226,700 from the Cooperative Welfare Grocery Tax Fund to use for Energy Assistance benefits in Idaho. With the added funding available from the Grocery Tax Fund, the total amount we estimate spending for Energy Assistance in FY 2014 is approximately \$10.07 million.

Good Cause Waiver

45 CFR 96.83(e)(1)

The State of Idaho does not meet all the Standard Waiver criteria as set forth in 45 CFR 96.83(c)(2).

We do meet the criteria set forth in 45 CFR 96.83(c)(2)(i): More households in the State of Idaho will receive benefits in FY 2014 than in the previous year. As noted in Table 1, during FY 2013, 43,765 households received Energy Assistance in Idaho, and we estimate that approximately 47,500 households will receive Energy Assistance during FY 2014. This equates to an increase of approximately 3,735 households.

Although we meet the criteria set forth in 45 CFR 96.83(c)(2)(i) as noted above, we do not meet the criteria set forth in 45 CFR 96.83(c)(2)(ii), i.e., the aggregate benefit amount for FY 2014 will be less than in the previous year.

The following documentation demonstrates good cause why a waiver should be granted to allocate up to 25% of available LIHEAP Energy Assistance Program funds to the Weatherization Assistance Program.

45 CFR 96.83(e)(1)(i)

Households Served and Aggregate Benefit Amounts

As noted in Table 1, the aggregate amount of Energy Assistance benefits our service population will receive this year (including the Grocery Tax fund) is less than the benefits received during FY 2013. This decrease in benefits is due to multiple factors.

First, during the planning period for the FY 2014 heating season (July-September 2013) we anticipated receiving a reduced Federal LIHEAP Award for FY 2014 due to the Sequester. As reported by various sources, including the *OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014 and OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2014* (corrected version dated May 20, 2013), the anticipated reduction in FFY 2014 Federal awards for non-exempt nondefense mandatory programs (including LIHEAP) was 7.2% - 7.3%. As such, we planned to receive a FY 2014 LIHEAP award ranging from approximately \$14.0 million in a worst-case scenario to \$16.9 million in a best-case scenario. With the reduced budget estimate, we made the decision to reduce the average heating benefit for the FY 2014 heating season in order to serve approximately the same number of households who received services in FY 2013. We did not learn that our Federal LIHEAP Award for FFY 2014 would be much higher than anticipated until January 2014, more than three months after the start of our FY 2014 heating season and after we had already served more than 30,000 households (accounting for more than 2/3 of the total number of households we anticipate serving in FY 2014).

Second, the overall spend rate of our available benefit funds has been slower in FY 2014 than in FY 2013. This is due to the decreased average benefit amount as explained in the previous paragraph. To date, we have served more households in FY 2014 than we served for all of FY 2013, but because of the lower average benefit amount the overall benefit spend to date for FY 2014 is lower than in FY 2013. We have chosen to extend the end-date of the FY 2014 heating season from our standard closure date of March 31st to June 27th in order to serve as many households as possible and ensure that eligible households in need of assistance have the opportunity to receive LIHEAP funds even after the coldest months of the year have passed. However, even with the season extension we anticipate that the total benefit funds spent for FY 2014 will be less than the benefit funds spent for FY 2013.

45 CFR 96.83(e)(1)(ii)

Changes to Idaho's LIHEAP Income Eligibility Criteria and Average Benefit Amount from FY 2013

Idaho's LIHEAP Income Eligibility Criteria did not change from FY 2013 to FY 2014; applicants must be at or below 150% of the Federal Poverty Guidelines in order to be eligible for LIHEAP benefits. Idaho's non-financial LIHEAP Eligibility Criteria also did not change from FY 2013 to FY 2014.

Idaho's Average Benefit Amount did change from FY 2013 to FY 2014. In FY 2013 the minimum LIHEAP benefit was \$63 and the maximum LIHEAP benefit was \$600, with an average benefit amount of \$260.71. In FY 2014 the minimum LIHEAP benefit was \$40 and the maximum benefit was \$425, with an average benefit amount for benefits paid out from October 2013 – April 2014 of \$195.94. In an attempt to partially offset the lower benefit amount in FY 2014, we chose to add an extra \$25 (a "Target Bonus") to the benefit amount of households that included a member of one of three "target" populations: under the age of 6; over the age of 60; or disabled. In Idaho, the household's LIHEAP benefit amount is calculated based on the household's fuel type, heating area, and calculated energy burden.

45 CFR 96.83(e)(1)(iii)

Modifications to the LIHEAP Application Period from PY 2013; Season Dates and Season Length

Season Dates and Season Length:

The FY 2014 heating season opened on October 1, 2013 and is expected to close on June 27, 2014 (encompassing a total of 270 days). The FY 2013 heating season opened on October 1, 2012 and closed on February 22, 2013 (encompassing a total of 144 days).

Outreach and Enrollment of Eligible Households:

For both the FY 2013 and FY 2014 heating seasons we hired and trained staff in September, then conducted outreach and enrollment of seniors, disabled and homebound individuals in October. We opened the heating season to all individuals on November 1st of each year.

For the FY 2014 heating season we performed the same <u>types</u> of outreach as in FY 2013 (following the Idaho State plan as submitted to HHS). The following outreach activities were conducted to ensure eligible households were aware of all LIHEAP assistance available:

- Provide intake service through home visits or by telephone for the physically infirm (i.e. elderly or disabled).
- Provide program information to local and county social service offices, offices of aging, Social Security offices, VA, etc.
- Publish articles in local newspapers or broadcast media announcements.
- Include inserts in energy vendor billings to inform individuals of the availability of all types of LIHEAP assistance.
- Inform low-income applicants of the availability of all types of LIHEAP assistance at application intake for other low-income programs.
- Execute interagency agreements with other low income program offices to perform outreach to target groups.

Weatherization Measures, Cost Effectiveness, and Program Benefits

45 CFR 96.83(c)(2)(iii) 45 CFR 96.83(c)(5)

Idaho's weatherization network provides cost-effective weatherization services that reduce the energy burden of our most vulnerable households. Using measurable and quantifiable data, Idaho can show that each weatherized dwelling meets a per-job Savings-to-Investment Ratio of 1.0 or greater as required by program contracts and the Idaho Weatherization Operations Manual.

Idaho's Weatherization Program Benefits

Idaho's Weatherization Program installed weatherization measures in 269 units between April 2013 and March 2014. These installed measures produced energy savings of 8,205 Millions of British Thermal Units (MBTUs) per the WAP algorithm. These energy savings will accrue each year during the lifetimes of the energy measures.

The Weatherization Program provides "non-energy" benefits as well. Non-energy benefits accrue to utilities and ratepayers (mostly due to reductions in delinquent bills), participants (improved comfort, health, property value, etc.), and society (benefits to the economy and emissions reductions).

Home Energy Audit

To be considered a complete weatherized unit, all homes must receive a comprehensive, on-site, home energy audit prior to receiving weatherization services. Trained and qualified auditors conduct the audits. Auditors are certified by the State of Idaho Department of Health and Welfare, Division of Welfare.

Idaho's "house-as-a-system" approach to comprehensive home energy audits consists of the following elements (as applicable per home):

- Completing visual assessment of existing conditions and insulation levels noting any health and safety concerns.
- Noting fuel types, condition and size of space and water heating equipment designating primary and secondary heat sources.
- Measuring the residence for the volume of the living space and square footage of the building envelope.
- Surveying the occupant about building characteristics that may be helpful in developing a
 work plan (e.g. asking if there are any particularly drafty areas), and assessing lifestyle
 considerations.
- Performing a blower-door test.
- Conducting pressure diagnostic tests of HVAC system and building zones.
- Performing combustion safety tests.
- Conducting client education, noting opportunities to provide low cost base load energy conservation measures. Auditors provide consumer conservation education to all weatherization participants.

Using this information as a basis, a customized scope of work is developed for each home based on IDHW procedures governing health and safety, air sealing, pressure diagnostics, and repairs, as well as information collected using the DOE-approved computerized energy audit EA5. Local agencies are required to review a weatherization-specific scope of work with all clients receiving weatherization services.

Air Sealing and Pressure Work

Applicable cost-effective air sealing is a high-priority service. EA5 may be used to determine air infiltration reduction cost benefits and is used in conjunction with Idaho's Blower Door and Air Sealing Procedures, and the Duct Pressure Test Procedures.

Additional Factors Supporting the Waiver Request

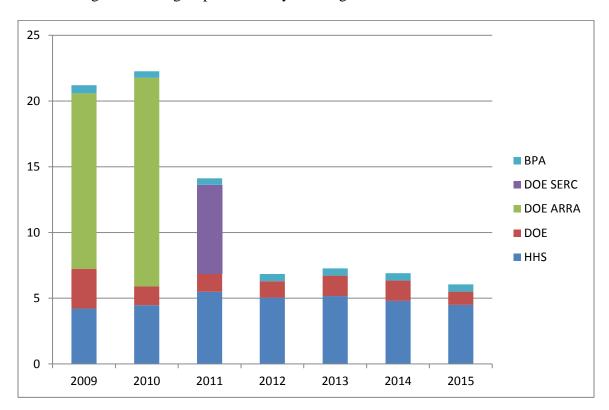
The goal of the State's request is to reduce the long-term energy and heating bills of low-income families. LIHEAP heating, cooling, and crisis assistance are critical services; however, the long-term benefits of LIHEAP weatherization assistance reduces the number of delinquent utility payments and the need for energy assistance applications, resulting in fewer service shut-offs and freeing up household income for other needs.

Weatherization-related measures and repairs, energy-related health and safety measures and repairs, as well as the delivery of consumer conservation education, are preventative and long-term in nature. Weatherization measures reduce energy burden through energy retrofits, eliminate structural hazards (thereby protecting building occupants), and preserve the efficacy of weatherization materials. Delivery of consumer conservation education provide opportunities for weatherization recipients to take a direct role in learning and implementing energy-efficiency measures, perform routine maintenance of their mechanical equipment, and take part in long-term behavior change.

Weatherization Fund Source Reductions

The chart below shows funding trends from PY 2009 to 2015 for the Idaho Low-Income Weatherization Program.

Chart 1: Idaho Low-Income Weatherization Program
Annual Program Funding Expenditures by Funding Source in Millions



The stark downward overall funding trend for weatherization is evident over the past several program years, from a high of approximately \$22.3 million in PY 2010 to a projected low of approximately \$6 million in PY 2015 (for PY 2015 we anticipate a slight decrease in both LIHEAP and DOE funding due to continued budget uncertainty at the Federal level).

Although funding uncertainty remains an issue, we are confident that we are able to use any weatherization funding that we receive in an effective and efficient manner. For example, Idaho received \$1,551,391 in DOE funding in PY 2013. From April 1, 2013 to March 31, 2014, Idaho's local agencies weatherized 269 units, 131% of the original production target of 206 units. In PY 2012, Idaho received \$1,449,979 in DOE and PVE funding. Idaho's local agencies completed the PY 2012 DOE contract March 31, 2013 and weatherized 374 units, 231% of the original production target of 162 units. Idaho's performance with ARRA and SERC funds was similarly effective: Idaho's local agencies completed regular ARRA contracts March 31, 2011, and weatherized 4,447 units, 142% of the original production target of 3,113 units. Idaho's local agencies completed SERC contracts on March 31, 2012, and weatherized 638 units, 121% of the original production target of 525 units.

Given the historical reductions in the LIHEAP and DOE Weatherization Assistance Programs and the continuing funding uncertainty at the Federal level, the transfer of additional LIHEAP Weatherization funds is crucial.

PUBLIC REVIEW AND COMMENT

45 CFR 96.83(c)(6)

A public hearing will be held in Boise on June 19, 2014, from 10:30 AM to 12:00 PM. A news release announcing the waiver application and public hearing was sent to major newspapers in Idaho. An announcement was placed on the Department website. Copies of the waiver were sent to Community Action Agencies, other agencies serving low–income populations, utility companies, and other interested parties in Idaho.

The Department will allow 10 days for public inspection and comment.

Testimony: The Public Comment Meeting will be held at 450 W. State Street, Conference Room 2A, Boise, Idaho. Any public testimony presented at the Public Comment Meeting will be provided as an addendum to this waiver application.

Written comments: Copies of any written comments received during the public inspection and comment period will be provided as an addendum to this waiver application.

Waiver Request

The State of Idaho Department of Health and Welfare requests approval of a Good Cause Waiver from the United States Department of Health and Human Services to allow an additional 10% to

exceed the 15% maximum transfer allowable for weatherization. Approval of the Waiver will allow Idaho to allocate up to 25% of its LIHEAP funds for weatherizing the homes of its most vulnerable households.